

The Economist

A SURVEY OF BRITAIN

Undoing Britain?





Undoing Britain

HOW to describe what is happening to Britain? Let's start with the flag, and then move—via a psychiatrist's couch—to discussing a skeleton.

In 1997, British Airways decided to scrub the Union Jack off the tails of its airliners and replace Britain's flag with pictures of jackals from Africa and other ethnic designs. Its chief executive, Bob Ayling, said that the airline was no longer a British company with global operations, but a global company that happened to be headquartered in Britain: "We are proud to have been born and raised in Britain," he explained. "But we want to show Britain as modern, not imperial... We still have our Beefeaters, but we now lead the world in restaurants and in fashion."

With 60% of his business coming from non-British customers, you can see what Mr Ayling was worried about. Lady Thatcher couldn't. The former prime minister made her displeasure known by draping her handkerchief over a model of the offending tail wing.

She may have been more squeamish than most. Their flag has not lately meant much to the British. It is common in America for suburban flagpoles to sport Old Glory. In Britain, a householder who planted the Union Jack on his lawn would strike neighbours as barmy, or as a member of some right-wing sect. After Tony Blair's election in May 1997, Labour Party officials handed out little Union Jacks to party workers, who waved them on his arrival in Downing Street. Again, this would not seem out of

the ordinary in most other countries. Some British commentators found it contrived, and disturbing.

Why do the British have trouble with their flag? Maybe they have outgrown the need for national emblems. Maybe Britain is as cosmopolitan and relaxed as Mr Ayling wanted his airline to be. But there is a less comforting possibility. After the end of empire, it is possible that this flag no longer does the business. It is, anyway, an odd flag: a superimposition of emblems—the crosses of St George (for England), St Andrew (for Scotland) and St Patrick (for Ireland). This flag reminds Britons that they are not so much a nation, and certainly not an ethnic nation, as a political union of separate nations.

The flags of the component nations seem to be enjoying a revival. Last summer, Britain launched a daring experiment in devolution. For the first time since 1707, the Scots now have their own Parliament in Edinburgh, and the Welsh their own national assembly in Cardiff. As a result, the Scottish saltire and the red dragon of Wales are much more in evidence. Soccer fans in England have taken to daubing their faces with the red-on-white English cross of St George. "That flag has been somewhere in the collective memory," remarked one writer. "We all knew it was up in the attic somewhere, but we could not quite remember what it was for."

The other flag that is cropping up more commonly in Britain is the star-spangled blue banner of the European Union. Again, the meaning of this flag

Is one of the world's most durable states dissolving itself? Peter David, our political editor, investigates





is mysterious. Like the United Kingdom, the EU is a political arrangement. But it is an arrangement that keeps on changing—from what many Britons thought would be a mere common market when they joined in 1973 to a nascent political union which is now trying to build a common foreign and defence policy. The star-spangled blue banner is a flag that British people might one day be required to fight and die for.

Does a muddle over flags signify that Britain is

having an identity crisis? Foreigners never tire of Dean Acheson's remark that Britain has lost an empire and never found a role. But the American secretary of state said this way back in 1962, when a lot of British people now slipping into middle age had not even been born. If you put Britain on a psychiatrist's couch today, you would find little trace of post-imperial trauma. With the economy humming nicely under a popular government, Britain has seldom seemed less troubled about where it stands in the

All power to Strasbourg?

ROBIN COOK, Britain's foreign secretary, says the high tide of European integration has passed. A poll conducted for this survey by MORI suggests that few British people agree. Those who expect the European Parliament and Union to have the most power over their lives in 20 years' time outnumber those who expect the Westminster Parliament to have most power by two to one.

We asked which body—their local council, regional parliament or assembly, the Westminster Parliament, or the European Parliament and European Union—people expected to have most influence in 20 years' time. Some 44% thought the European Parliament and the EU would have most influence, compared with 22% who chose the West-

minster Parliament. Only 8% of the Scots in our survey thought Westminster would have most power, compared with 46% who chose the new Scottish Parliament and 31% who chose the EU.

In England, where the government has said it might create regional assemblies, a mere 9% of people expected these to become dominant, compared with 46% who thought the European Parliament would have more power over them and 23% who chose Westminster. The Welsh expected power to be spread more evenly between Cardiff, London and Strasbourg, but again the European Parliament came top.

The British expect the EU to become dominant in their lives, but do not identify with Europe as strongly as with Brit-

ain or their local region. In the country as a whole, 40% identified with Britain but only 16% with Europe. "Britain" itself commands less loyalty than do the separate nations. A large majority in Scotland (72%) and Wales (81%) identified with their own nations, compared with only 18% (Scotland) and 27% (Wales) who identified with Britain. Only in England, by a tiny margin, do people put British identity first.

With the EU moving towards closer co-operation on foreign policy, we asked people whether they thought Europe, the Commonwealth or America would be Britain's most reliable ally. A large majority (59%) chose America over Europe (16%). For fun, we also asked which country had most to teach Britain about economics and democracy. Germany and America scored well, but few Britons think they can learn from France.

In 20 years' time, which of these bodies, if any, do you expect to have most influence over your life and the lives of your children? %

	Britain	England	Scotland	Wales
My local council	13	14	5	7
Scottish Parliament/Welsh Assembly/my regional assembly	13	9	46	26
Westminster Parliament	22	23	8	25
European Parliament/European Union	44	46	31	37
Don't know	8	8	10	6

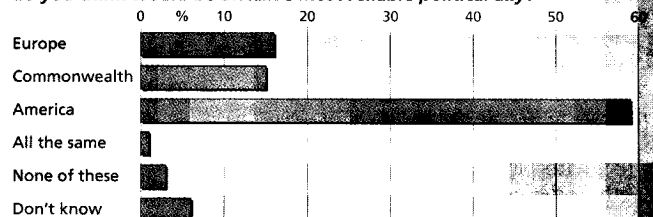
Which two or three of these, if any, would you say you most identify with? %

	Britain	England	Scotland	Wales
This local community	41	42	39	32
This region	50	49	62	50
England/Scotland/Wales	45	41	72	81
Britain	40	43	18	27
Europe	16	17	11	16
Commonwealth	9	10	5	3
The global community	8	9	5	2
Don't know	2	2	1	0

Which of these flags, if any, do you identify with? %

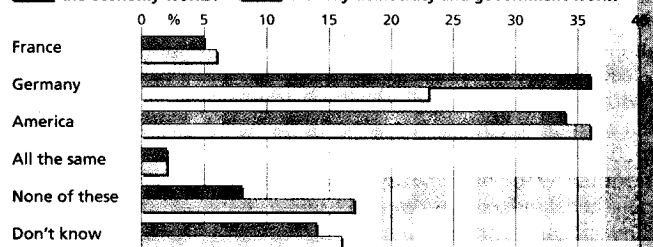
	Britain	England	Scotland	Wales
United Kingdom (Union Jack)	83	88	49	55
England (Cross of St George)	33	38	2	3
Scotland (Cross of St Andrew)	23	18	75	8
Wales (Welsh Dragon)	26	24	12	85
European Union (12 stars)	21	23	5	7
United States (Stars and Stripes)	23	26	7	<1
Don't know	2	2	0	1

In a crisis, which of these—Europe, the Commonwealth or America—do you think would be Britain's most reliable political ally?



Which one of these, if any, do you think Britain can learn most from in the way:

the economy works? the way democracy and government work?



How much say do you think people in England/Scotland/Wales have over the way they are governed? %

	Britain	England	Scotland	Wales
Too much	2	2	1	0
About the right amount	27	28	20	21
Too little	67	66	78	77
Don't know	4	4	1	2

MORI interviewed a representative sample of 923 adults at 61 sampling points across Britain. Interviews were conducted face-to-face, at home, on September 24th-27th 1999.

(More details: www.mori.com)

world. One visiting journalist caught the mood of relaxed hedonism in an article for the *New York Times*. The British, he reported, had "finally stopped seeking a role and started getting a life".

But what if, instead of putting the whole of Britain on the psychiatrist's couch, you reserved the treatment for its "chattering classes" (Britain's disparaging term for its writers, politicians and intellectuals)? You would find a paradox. Just when most people look relaxed about politics, the chatters are churning out angry books and pamphlets with titles such as "The Death of Britain" (by John Redwood, a Conservative politician); "The Abolition of Britain" (Peter Hitchens, a right-wing columnist); "How to be British" (Charles Moore, editor of a conservative newspaper); "Who Do We Think We Are?" (David Willetts, Conservative politician), and so on. As we shall see, it is no coincidence that the bulk of this soul-searching comes from the Conservative end of politics, which Mr Blair's New Labour Party smashed in the 1997 election. But the chatters are not all on the right. And they are on to something.

Rearranging a skeleton

A political union that up-ends its political arrangements is running a risk. In just over two years of office, New Labour has already introduced a dozen constitutional bills. Because they have been pushed piecemeal through Parliament by a government with an overwhelming majority, most have become law with little public controversy. Since their effect will come to be felt at different times, public opinion so far has been fairly untroubled. But their cumulative impact will be revolutionary.

A state that has been highly centralised is passing power downward (to regions and nations such as Scotland, Wales and Northern Ireland), sideways (to the Bank of England, which has been given freedom to set monetary policy) and upward (to the European Union). The House of Commons is booting the hereditary peers out of the House of Lords. New systems of proportional representation have been introduced for elections in Scotland and Wales, and for the European Parliament, in place of Britain's time-honoured system of first-past-the-post. London—which already feels more like an independent republic than a capital city—is to get its first-ever elected mayor. Other cities may follow.

Even if the programme of constitutional reform were to stop there, all this would add up to what its designers like to call "a new constitutional settlement". But it is not going to stop there. Mr Blair has promised at some time (though here he is in no hurry) to hold yet another referendum, this one on whether to extend proportional representation to general elections. That would change the century-old pattern of British politics. A country in which power has swung like a pendulum between the Conservatives and Labour could become a country of multi-party coalitions. The Conservatives say that Mr Blair is doing this in order to make a permanent alliance with the Liberal Democrats and lock the Tories out of power for ever.

The pleasing finality of that phrase, "new constitutional settlement", is therefore misplaced. There is nothing settled about it. Earlier this year, the Constitution Unit, a think-tank attached to University College, London, predicted that it would take a decade



Britons lament the loss of empire

or more for the consequences of Mr Blair's reforms to reveal themselves. And when they do, they may take their own inventor by surprise.

This is big stuff. So why do so few people care? Partly because of habit. The British people are so little fascinated by the constitution that they never bothered to write one down. When pollsters ask the British what they worry about, the constitution comes a long way behind health, crime or the economy. But this is only part of the explanation. The other is simply a time lag. Mr Blair is changing the skeleton of the constitution. It will take a while for the changes to show up in the body politic.

The new parliaments and assemblies set up in Scotland, Wales and (if it is ever able to start work) Northern Ireland have not had time to make their presence felt. The English, who make up more than eight out of ten of the British population, were not consulted in the referendums which led to their creation. Moreover, the new bodies have only just started work. Two are dominated by New Labour, so their relations with the New Labour government in Westminster have been fairly smooth. Far from heralding the break-up of the United Kingdom, devolution for Scotland and Wales has so far been a quiet affair, even a bit of a let-down.

But this is only the beginning. Nobody knows how politics will look when the new parliaments flex their muscles, or when different parties rule in Cardiff, Edinburgh and Westminster. Nor will devolution remain of interest only to the peripheral nations. With power passing downward to the devolved parliaments, and upward to the European Union, it is inevitable that Britain's central political institutions will change as well.

This could be painful. Britain is a highly centralised state—more so, in the view of Vernon Bogdanor, of Oxford University, even than France, the paradigm of centralised government. He argues that until its recent experiment with devolution, Britain had been, among the stable democracies, the largest of the unitary states apart from Japan. No other democracy sought to manage so large a population through a single parliament. This not only makes the internal devolution of power a difficult thing for Britain to get used to; it compounds its European dif-





Why the devolution settlement is not stable

facilities as well. "Our conception of parliamentary sovereignty", Mr Bogdanor says, "makes it difficult for us to accommodate ourselves to structures of government, such as that of the European Union, whose *raison d'être* is that of power-sharing."

Devolution, constitutional reform, the rules of the EU: these issues do not set conversations on fire in the saloon bar of the Dog and Duck. But add them together, and you find a nation rebuilding its constitutional skeleton from skull to toe. The alterations may be invisible for a while, but people sense the

underlying change. In a poll for this survey (see box, page 4), MORI asked which body—their local council or parliament, the Westminster Parliament, or the European Parliament—people in Britain expected to have most influence over their lives in 20 years' time. Almost half (44%) of respondents expected the European Parliament and the EU to have most influence. Less than a quarter plumped for the Parliament in Westminster. Britain is liable to look in the mirror one morning and find that it does not recognise itself any more.

Breaking the old place up

MARGARET THATCHER did not play well in Scotland. By the time New Labour came into office, disenchantment with Conservative rule had fed an appetite for independence. New Labour hoped the offer of a Scottish Parliament would deflate the Scottish National Party, which wants Scotland to break free from the United Kingdom.

At first the offer seemed to backfire. For much of 1998 it looked as if the nationalists might even win control of Scotland's new Parliament in Edinburgh. In the event the SNP fought a muddled campaign, and it was New Labour that came top in last May's election, with 56 of the Parliament's 129 seats. Donald Dewar, formerly his Scottish secretary, left Mr Blair's cabinet in London to become "first minister" of Scotland, where he governs in coalition with the Liberal Democrats (who won 17 seats).

So the threat of Scottish secession has been seen off? These are early days. As Robert Hazell of the Constitution Unit points out, it has taken France and Spain between ten and 20 years to introduce regional assemblies, and in neither country has the system yet settled down. Besides, the SNP, with 35 seats in the Edinburgh Parliament, now seems entrenched as Scotland's principal opposition party. A democracy in which the main opposition party never wins an election would be a feeble thing, so at some time in the future the SNP should win power. It says it would then put a referendum to Scotland's voters, asking whether they want to leave the United Kingdom altogether.

This does not mean that Scottish independence is inevitable. The Scots are perfectly capable of putting the SNP into power in an election and then voting against independence in a referendum. The people of Quebec, no less adamant about their distinct identity, have done exactly that in Canada. Devolution has drawn the sting of separatists in Spain. But these and other countries with federal or quasi-federal systems of government have had to engage in a constant tug-of-war over power and resources between the centre and the regions. There are four strong reasons to suppose that this will happen in Britain, too. They concern money, Europe, the English and the Welsh.

The money question

The generous law-making powers that have been devolved to the Scottish Parliament have not been matched by generous fiscal powers. Scotland is now in charge of its own policy on virtually everything

except for foreign policy, defence, social security and macroeconomics. But its only tax power is to vary the basic rate of income tax set by Westminster upwards or downwards by three pence in the pound. In effect, this arrangement gives Scotland the power to call the tune without giving it the wherewithal to pay the piper. The SNP has flirted with the idea of taxing the Scots more heavily than the English. But it will in future be tempting for Scottish politicians of all parties to forgo their right to vary income tax, and blame their policy failures on inadequate funding from Westminster.

The game has already begun. Mr Dewar's Liberal Democrat partners want him to abolish tuition fees for university students. But the fees were introduced by Mr Blair's government, of which Mr Dewar was previously a member. Abolishing them would poke a nasty hole in the Scottish government's finances. Much as the Scots hate tuition fees, they are not eager to raid other parts of their budget to pay for them. But nor can they expect help from England, whose students will still pay their tuition fees, and where a growing number of people are noticing that the Scots already do very nicely out of public spending. At present, tax revenue is distributed around the United Kingdom on the basis of need, under the so-called Barnett formula, but this is now several decades out of date. Public spending per person is some 20% to 30% higher in Scotland than it is in England, even though many parts of Britain are poorer than Scotland.

People in England may consider this transfer a small price to pay for keeping the union intact. It has not yet become an inflammatory issue. But it will. This is because the SNP is duty bound to use the Scottish Parliament to stir up perpetual rancour between Edinburgh and Westminster, in order to prove that devolution is no substitute for real independence. It will accuse Westminster of using its control of the purse strings to keep hold of the powers that devolution pretended to hand over. And the more the SNP agitates, the more people in England will wonder why a landlord has to pay rent to his surly lodger.

To judge by the results of last May's election, the Scottish appetite for independence is not yet strong. In an interview for this survey, Gordon Brown, the British chancellor and himself a Scotsman, said that support for the SNP declined as the election neared because the party failed to give convincing answers to big questions about how it would run Scotland's

economy. In the spring of 1998, about half of Scotland's voters told pollsters that they supported independence. By the time the election was held, fewer than one in three were in favour. Mr Brown expects support for the nationalists to decline further as its independence programme comes under closer scrutiny in the Scottish Parliament.

The Europe question

But will it? Scotland's nationalists may have fluffed one election, but in a by-election in Hamilton South in September they almost captured one of Labour's safest seats. They feel the tide of history is flowing their way, borne along by the European Union's apparently inexorable progress towards ever closer union. Politicians in London may sneer at the idea of nations as small as Scotland (5m people), let alone Wales (3m), casting themselves adrift in a lonely world. But the Scottish Nationalists do not plan to be alone: they want Scotland to become a full member of the EU in its own right. So when Mr Brown asserts that Scotland is stronger as part of the United Kingdom, the SNP retorts that Scotland has less influence than small European nations such as Denmark, Finland, the Republic of Ireland and Luxembourg, which punch above their weight by virtue of being full members of the EU.

Without the European Union, there would be gaping holes in the nationalist case. How would an independent Scotland defend itself? What currency would it use? How could it ensure access to overseas trade? It was questions such as these that impelled the Scots towards union with England in the 18th century, and gave all parts of the United Kingdom an interest in developing a shared British identity. But if they can shelter under the European umbrella, none of the above continues to apply. The EU promises access to the world's richest market, a common money and eventually a common foreign and defence policy. This may not make Scottish independence inevitable, but it gives the nationalists some good arguments.

It also gives them a way to edge towards independence even before they win the argument in an election or referendum. At present, the EU's most powerful institution, the Council of Ministers, is a

forum of national governments. And yet the EU has breathed new fire into Europe's regions. The bellows is not the EU's Committee of the Regions, which for the present is merely a consultative body. Nor, so far, has the EU's commitment to "subsidiarity" (the principle that decisions should be taken at the lowest possible tier of government) been taken to mean pushing decisions below the level of national governments. But for more than 20 years the EU has operated a regional policy which has engaged local politicians from all over Britain in the business of bidding for funds. Mere local councillors were in no position to challenge the authority of the Department of Trade and Industry, which oversees Britain's negotiating strategy. Politicians from the new parliaments will feel differently.

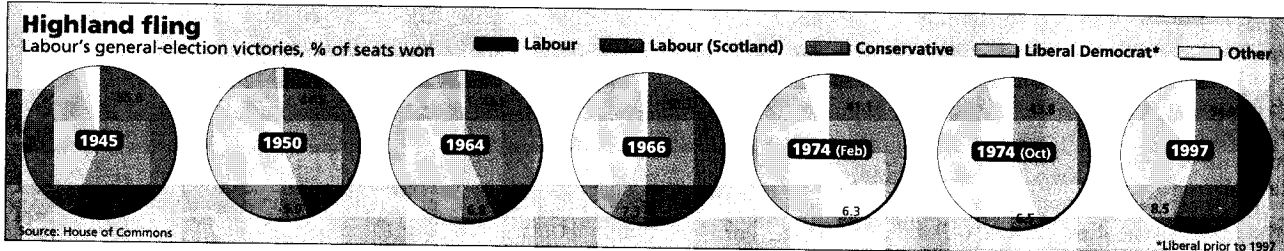
In principle, Welsh and Scottish ministers are supposed to support the British government's line when negotiating in Brussels. But that is not how real politics works. Devolution has given Scottish and Welsh politicians an interest in stressing their independent voice in Europe and bringing home the pork from Brussels. The SNP has proposed creating a Scottish-European Joint Assembly, consisting of MSPs and Scottish members of the European Parliament, to co-ordinate Scotland's voice in Europe. In time, the nationalists hope (and our poll will give them courage), people in Scotland and Wales will see their relationship with Brussels as more important than that with Westminster. The Welsh nationalists already berate the Blair government for not winning enough EU grants for Wales.

It is not only the nationalist parties in Scotland and Wales that have a vested interest in stirring up trouble over devolution. So does the principal opposition party in England.

This is not something the Conservative leader, William Hague, can say openly. Before the 1997 referendum, the Tories opposed devolution in Scotland on the ground that this was a Pandora's box that might lead to the dissolution of the United Kingdom. Having lost that argument, Mr Hague says the "settled will" of his party is now to support the Scottish Parliament and to make devolution succeed. Still, since it was Labour that played Pandora, the Tories are not averse to encouraging some of the de-



Hands off our Barnett formula



mons inside her box to fly into the open.

As well as accepting that devolution is a *fait accompli*, Mr Hague is therefore demanding further constitutional changes to restore balance to a constitution which he accuses Labour of throwing out of kilter. In particular, he says, "The people of England now find themselves governed by political institutions that are manifestly unfair to them." He points out, first, that although Scotland now has its own Parliament, it also has more than its fair share—measured by voters per seat—of MPs in the Westminster Parliament. (The government says it will reduce the number of Scottish constituencies, but not until after the next election.) His second complaint is that, unlike the Scots, who now have full control over most of their domestic legislation, the English do not have a similar exclusive say over laws that apply to England alone.

Mr Hague is not the first person to notice this anomaly: it has been known in British constitutional jargon as "the West Lothian question" since the (Labour) MP for that constituency raised it in the House of Commons in 1977. Nor does the government deny that it is an anomaly. What the parties differ about is how much it matters.

The Conservatives call the West Lothian question "a ticking bomb" under the constitution. And Mr Hague has given an example of how it might be detonated. Imagine that a British government did not have enough MPs from English constituencies to give it an absolute majority in the House of Commons, but was able to command a majority thanks to its MPs from Scottish constituencies. Now imagine that this same government decided for some reason to enact some highly unpopular piece of legislation to do, say, with education or health, or some other area which the Scots now run for themselves from Edinburgh. In such circumstances, the Tories say, there would be an almighty outcry from English voters, who would rightly complain that a government which depended on Scottish votes had no mandate to impose this law on England.

Political genius

Tosh, reply Mr Blair's ministers. The present government does not pretend that its devolution programme is symmetrical. But nor—with more than 80% of its citizens in England—is the United Kingdom itself. In such a union, New Labour says, it is the Scottish, Welsh and Irish minorities that need special reassurance, not the English with their permanent majority. Insofar as the government's reforms are unbalanced, says Lord Irvine, the Lord Chancellor and a chief architect of the devolution settlement, this is deliberate: they reflect the "empirical political genius of our nation", not some tidy and therefore unworkable master plan. That, he says, is why independent-minded Scotland has

been given a law-making Parliament, whereas Wales, whose voters supported devolution by the slenderest of whiskers, has ended up with a much smaller assembly with no primary law-making powers at all.

So which is it, ticking time bomb or empirical political genius? Both arguments have merits. The new arrangements are indeed unfair to the English, just as the Conservatives say. Some such unfairness is indeed inevitable, just as Labour people say. But neither the opposition nor the government cares only about the merits. To make sense of this constitutional argument, it is necessary to remember that both parties have vital political interests at stake.

Scotland is of special importance to Labour. Mr Blair won a landslide general election in 1997, but the only two previous elections in which the Labour Party won a majority of English seats as well as national ones were in 1945 and 1966 (see chart). So the first half of Mr Hague's detonation scenario is all too real: Labour governments have almost always depended on Scotland for their majority. This gives Mr Blair and his colleagues compelling reasons not to correct the alleged Scottish anomaly.

The politics of devolution are no less delicate for the Conservatives. Their support in Scotland collapsed under the Tory governments of John Major and Margaret Thatcher. The Scots especially resented the fact that Conservative governments that depended on English seats foisted the hated poll tax on Scotland. Today the Tories do not have a single MP from a Scottish constituency at Westminster. And they would have no MSPs in the Scottish Parliament either but for the system of proportional representation that gave them "top-up" seats after they failed to win a single constituency outright. The Conservatives are now, perforce, an English party. This gives them every reason to squeeze the maximum political advantage from any resentment the English may feel towards the Scots.

Wales provides the fourth reason to expect a continuous tug of war between the centre and the regions. National feeling in Wales is much weaker than in Scotland—so much so that the nationalist party, Plaid Cymru, does not advocate outright independence from Britain. But this will not deter the party from trying to play catch-up with Scotland. The nationalists put in a strong performance in the election, capturing 17 seats in the 60-member Assembly. They now want the Welsh Assembly to be given law-making and tax-varying powers like those of the Scottish Parliament. Like the SNP in Scotland, and the Conservatives in England, the principal opposition party in Wales has a pressing need to demonstrate either that devolution as currently devised does not work properly, or that it does not go far enough.

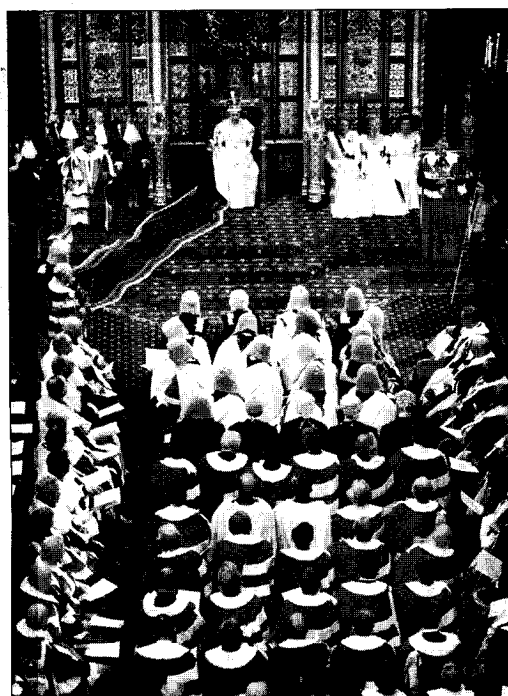


The centre cannot hold

THE money question, the Europe question and the English question will sour relations between Scotland and England for years to come. But devolution, remember, is only one part of New Labour's far-reaching constitutional reforms. The nation's central political institutions are being rearranged as well. Some bits of the reorganisation are part of a grand design. Others are semi-planned, or happening by accident. Here are five examples.

- A two-tier House of Commons. At one point, the Conservatives flirted—and some English nationalists still do—with the idea of answering the English question by demanding a separate English Parliament. Eventually Mr Hague acknowledged that this would move Britain too close to a fully federal government, and might arouse the sort of English nationalism that could hasten the break-up of the United Kingdom. But he still insists that some way must be found to restore the balance in Westminster. His new proposal is not only to reduce the number of Scottish MPs, but also to ban that reduced contingent from voting on English bills.

The second of these ideas has big implications. It means that a government with a majority in Britain, but not in England, might find itself unable to enact some of its "English" legislation. Given the Tories' weakness in Scotland, only a Labour government is likely to face this predicament, which is why the Tories love the idea and the government loathes it. Ministers protest that it would create two classes of MP at Westminster. Besides, they ask, don't Scottish MPs have a legitimate interest in "English" matters such as education and health? Even after devolution, it is, after all, the amount of money voted for education at Westminster that determines how big Scotland's slice will be.



Uncool Britannia

Even so, opinion polls suggest that Mr Hague's slogan of "English votes for English laws" may catch on. In April, eight out of ten people in England told a poll for the *Daily Telegraph* that they were not bothered about the over-representation of Scots in Mr Blair's government. But nearly three out of four supported the idea that the Scots' MPs at Westminster should be banned from voting on purely English legislation after devolution. At some point, the government will need to respond.

- Regional parliaments in England. If Scotland and Wales can have their own parliament and assembly, why not the English regions? Mr Blair does not rule this out. The government has already created eight regional development agencies. Although these are unelected bodies without statutory powers, they have the potential to develop into something stronger. The government says that regions which show clear demand for them will be allowed to set up elected assemblies. In regions such as the North-East and North-West, cross-party constitutional conventions have quickly sprouted in order to demonstrate the required interest. But if elected assemblies come into being, nobody yet knows exactly what their powers will be, or how they will connect with existing tiers of local government. A report in September by Charter 88, a pressure group that campaigns for constitutional reform, complained that the government appeared "at best undecided—at worst confused and divided" on the future of regional government in England.

- An elected senate. Reforming the House of Lords was always part of New Labour's grand constitutional design. But the only immediate reform it had in mind when it came into office was to abolish the right of hereditary peers to sit and vote in it. The new government deemed it mad in a democracy for people to inherit a place in the legislature. But then a lot of people began to ask how democratic the upper house would be if, minus the hereditaries, it were to consist only of people appointed to it, many by the government of the day. Against his will, but in order to deflect the accusation that he wanted to weaken the independence of the upper house, Mr Blair set up a royal commission to review what its new powers and composition should be.

This commission, due to report by the end of the year, is chaired by Lord Wakeham, a former Conservative minister known for a conservative cast of mind. Even so, it may propose more radical reform than Mr Blair originally wanted. Once the hereditary peers are cleared out, why retain a link with the peerage at all? A "senate" sounds much more New Labour than a "House of Lords". Then there is devolution. A common purpose of upper houses in other countries is to bind member nations and regions into the national polity. Once you are reforming the Lords—and have just devolved many powers away from London—why not do the obvious thing and provide seats in the upper house for representatives from Scotland, Wales, Ulster and those nascent English regions? And will any reform of the upper house be taken seriously if the government does not provide for at least some of its members to be elect-

Five accidental reforms in prospect





ed, either directly or indirectly?

In the eyes of many voters, an upper house with proper democratic credentials would be a great improvement over the existing House of Lords. Even if its present powers of scrutiny and delay were unchanged, it would probably feel better able to exercise them than the existing house, compromised as it is by the presence of the hereditaries. Naturally, a stronger upper house is the last thing that a government with a thumping majority in the lower one wants. But Mr Blair may yet find himself shamed into creating one.

- A new style of party politics. The present Labour government might never have been elected but for its supreme effort in opposition to master its historical tendency to factionalism. As prime minister, Mr Blair has therefore continued to impose strong central discipline, even though this has invited criticism that he is a "control freak". By continuing to govern the party in this centralised manner, he hopes to make up for the loss of control that will result from the dispersal of power to the regions.

He is not likely to succeed. In the new Britain, any London-based party that is seen to keep its Scottish or Welsh members under London's thumb will be handing a sharp stick to the nationalists. Scottish nationalists mock Mr Dewar for being the too-obedient servant of a London-based party. In Wales, Plaid Cymru's president, Dafydd Wigley, taunts Alun Michael, the (Labour) first minister, for presiding over a London-style "government by remote control". Both men are now under constant pressure to prove their independence. Mr Dewar has had a series of quarrels with John Reid, the Scottish secretary in the British cabinet. Gradually, Mr Blair is finding that his writ no longer runs unchallenged in Scotland and Wales, even though it is his own party that runs both of those governments.

- A supreme court. Conservative governments chose not to incorporate the European Convention on Human Rights into British law. "We have no need of a Bill of Rights because we have freedom," Mr Major once said. Mr Blair has taken the less complacent view that although British citizens are proud of their liberty to do whatever the law does not prohibit, this is not much protection against a government that makes bad laws. New Labour has therefore passed a Human Rights Act, which makes the convention part of British law and allows British citizens to take rights cases to their own courts, instead of appealing to the European Court of Human Rights in Strasbourg.

Again, this was part of the new government's

original design. But, again, it will have unintended consequences. The Human Rights Act changes the relationship between Parliament and the courts in Britain. This is not only because British judges will henceforth find themselves adjudicating on a wide range of politically sensitive issues. It is also because the Human Rights Act requires new laws to be tested for compliance with the European Convention. Out of deference to the British tradition of parliamentary sovereignty, Lord Irvine has ensured that courts do not have the power to overturn any law passed by Parliament, only to advise that it breaches the Convention. But this makes conflict between politicians and judges even more likely.

What is more, the new arrangements expose a flaw in the keystone of Britain's legal system. At present, the closest thing Britain has to a supreme court are the Law Lords. To the puzzlement of foreign observers, these judges sit as members of the legislature. Like all judges, they are given their jobs by the Lord Chancellor, who is himself a member of the cabinet, an appointee of the government of the day, and can sit as a senior judge himself. British democracy has muddled along for a long time without a formal separation of powers, but the Human Rights Act will test the old system to the limits. In private, some members of Mr Blair's cabinet support the creation of a proper supreme court, outside Parliament.

Rearranging the bones

Add it up: new rules for the Commons, a senate in place of the House of Lords, the possibility of regional parliaments in England, the breakdown of internal party discipline, moves towards the creation of a supreme court. These are indeed profound changes in the skeleton of the British constitution. But there is more. As the example of the supreme court shows, it is not just Labour's constitutional plans that are rearranging the bones and joints. The European Union is also a powerful cause of change.

Back in 1970, a Labour politician, Richard Crossman, told an American audience that for Britain to go into Europe would be almost as difficult as making itself into one of America's constituent states. "It might be true that in our local British problems we could retain our British ways," he said. "But we couldn't possibly retain our fusion of executive and legislature in our relations with the rest of Europe." Four years later Lord Denning, an eminent constitutional lawyer, called the Treaty of Rome an "incoming tide" that flows into the estuaries and up the rivers. "It cannot be held back." And that was even before the advent of the euro.

Europe's incoming tide

*And the quarrelling
Canutes*

THE EU is a work in progress. All its 15 members are struggling to decide how much national sovereignty they want to vest in this unprecedented supranational adventure, and just how far they meant to go when they signed up by treaty for "ever closer union". But Britain is farther than most from making up its mind. It was the only big EU country to opt out of the euro when the single currency was launched at the beginning of this year. And al-

though the government favours joining when economic conditions permit, it has promised to subject this decision to a referendum, which it might not win. Britain's island history, its imperial history, its relationship with America, its memory of victory rather than defeat in the second world war—all these things make it hard for its people to share the ambitions of its EU partners in full.

Those who argue for Britain to adopt Europe's

single currency say that Britain's lack of enthusiasm for the European adventure has already cost it dear; it habitually "misses the train". And yet Britain has already been a paid-up member of the EU and its antecedent organisations for a quarter of a century, and membership has already had a profound impact on Britain's laws, government and politics, just as Crossman and Lord Denning said it would. As for "missing the train", British governments have just as often leapt aboard it without notifying British voters about the final destination.

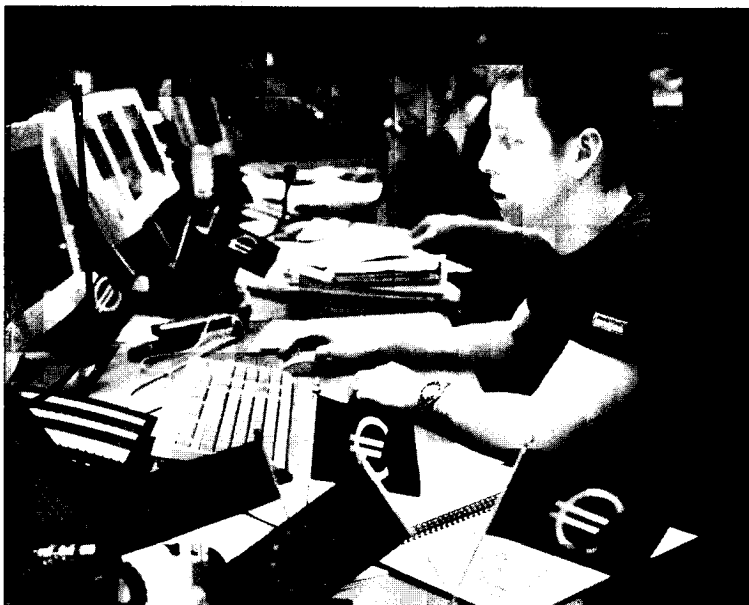
In 1975, for example, the "yes" campaign literature sent out for Harold Wilson's referendum on Britain remaining in the Common Market said with false confidence that the threat of economic and monetary union, "which could have forced us to accept fixed exchange rates for the pound, restricting economic growth and so putting jobs at risk...has been removed." One of the young men casting his (yes) vote for the first time ever in that referendum was the young Tony Blair. As prime minister, Mr Blair now promises another referendum in which he will recommend monetary union—the very threat supposedly removed in 1975.

Some of Britain's Eurosceptics see all this as a deliberate attempt to dupe the British people. And it is true that some prime ministers—the Conservatives' Edward Heath, for one—thought it wise for domestic purposes to make light of the full federal ambitions of Britain's European partners. But what has really happened is less sinister. The European Union's progress towards ever closer union is one of history's most ambitious journeys. It has chugged towards its destination one station at a time. One thing has then seemed to lead logically to another: from common market to single market to single currency to possible political union. Given this history, it is little wonder—and it is right—that the British debate on whether to adopt the euro turns not only on the economic case for doing so, but also on the political consequences.

Choose your money, pay for your choice

For what they are worth, the economic arguments can be briefly summarised. Assume, heroically, that Britain's economic cycle converges with those of the mainland and that Britain can join at a favourable exchange rate. Those in favour of monetary union say that adoption of the euro would reduce the exposure of British firms to exchange risk and reduce the transaction costs of doing business in Europe. It would provide Britain with a superior monetary policy run by the European Central Bank (ECB), and therefore lower inflation. It would encourage foreigners to keep on investing in Britain's businesses and factories, which they might not do if Britain remained semi-detached from the mainland. Joining the euro would ward off threats to the financial business of the City of London, and remove the danger of countries within the euro zone retaliating against Britain for staying out.

Those who oppose British membership question each of these propositions. Yes, transaction costs would fall, but not by much (less than 0.5% of GDP, on most estimates), and that gain might be cancelled out by the costs of converting to a new currency. As for exchange risk, Britain earns well over half its current-account receipts from outside the euro



Will the flag follow trade?

area, so joining would not eliminate all exchange risk—and might make things worse if the euro's volatility against the dollar were to increase. Foreign investors have shown little sign of being deterred by Britain's failure to adopt the euro. Britain attracts about a half of all outside direct investment bound for the EU. Britain's attractions might fade if it became clear that it was staying out. But in a survey last July of the world's largest companies by A.T. Kearney, a management consultancy, only 3% of the executives quizzed said they would cut investment if it did. The survey concluded that lower taxes and benign regulation had more influence on investment decisions.

Would Britain benefit from a superior monetary policy under the ECB? This is debatable. It is true that an independent monetary policy can be a curse if the freedom to devalue is misused, as Britain's has been. In 1966 sterling traded at about DM11, but by 1996 an independent British monetary policy had allowed this to slip to around DM2.2, an average depreciation of 5% a year over 30 years. On the other hand, Britain's performance may improve now that the Bank of England has the freedom to set interest rates. The markets have signalled their approval of this regime, introduced soon after Labour took office, by pushing Britain's long-term interest rates lower than Germany's. And joining the euro would prevent Britain from setting interest rates tailored for its domestic economic circumstances: it would have to accept whatever monetary policy the ECB considered right for all the member countries.

As for the City, some bankers are indeed worried. But David Lascelles, co-director of the Centre for the Study of Financial Innovation, considers this a red herring: he sees little evidence that London will lose any more financial business to Paris and Frankfurt than would have migrated there anyway for other reasons. The politicians of euroland would not like the City to remain pre-eminent outside the euro, any more than the Americans liked the growth of the London-based Eurodollar market in the 1960s and 1970s. But what could they do about it? If they





introduced regulations that compelled euro business to be done within the EMU zone, they would both breach the rules of the single market and alienate American-based investment banks.

In short, the economic arguments—and therefore much of informed opinion—are finely balanced. Britain's engineering union supports entry; the public-service workers' union opposes it. The Confederation of British Industry is for: its director-general says that it would make British firms more efficient by making price differences with foreign competitors more transparent. The Institute of Directors is against: its director-general says that for Britain to become part of a one-size-fits-all monetary regime would be disastrous. Academic economists are divided, too. A recent poll by *The Economist* found 65% in favour, but also many eminent economists against. Wider public opinion is hostile. An ICM poll in September found 57% of voters against membership and only 30% in favour.

Sovereignty and the pound

The economic arguments can anyway not be separated from bigger questions about the future of the European Union. Britain's stay-outers say that the EU intends to become a United States of Europe and that the pound must be saved to prevent the abolition of Britain. John Redwood, the Conservatives' trade spokesman, calls the battle against the euro "an opportunity to halt the demise of our country and register our belief that Britain is worth keeping". It is not only Tories who think this way. Frank Field, a former minister in Mr Blair's government, says that the decision on the euro is about "whether or not to close the book on Great Britain itself".

The joiners retort that it is absurd to fear the creation of an identity-smothering United States of Europe. Robin Cook, Britain's foreign secretary, asserted in 1998 that the high tide of European integration had passed. Indeed, the joiners say that it is the sceptics whose claims about their final destination are not to be trusted. Although most of the stay-outers claim that their intention is to remain inside the EU but outside the euro, the joiners say that the real aim of the stay-outers is to get out of the Union itself. This is presumed to be a mad policy that would separate Britain from its biggest market and end what little influence it still has in the world.

What to make of this debate? Both sides are on weak ground. It is not at all evident that monetary union must lead inexorably to a European superstate and the end of British sovereignty. Joining the euro would of course require the British government to surrender its remaining control of monetary policy. But this is a bit of sovereignty the joiners would gladly dispense with, since the power to set interest rates and devalue the currency is one which politicians routinely abuse, and which is limited anyway by the condition of international financial markets.

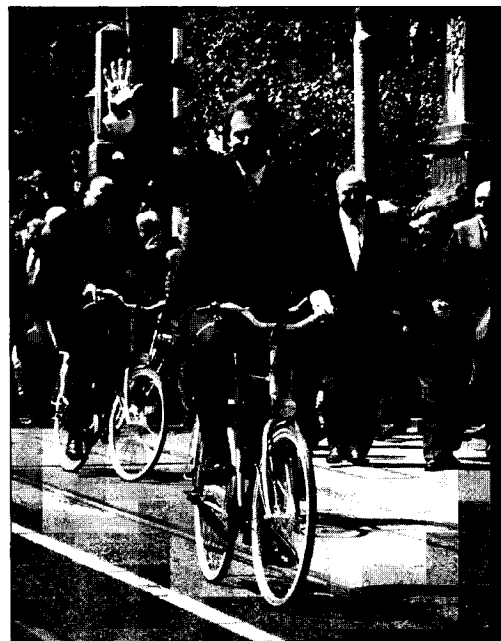
Nor, though, is it evident that Mr Cook is right that the high tide of integration has passed. How can he know? Think how much the water has risen since the founding of the Coal and Steel Community in 1951. In much of Europe, it is taken for granted that monetary union is a staging post on the way to further political integration. Hans Tietmeyer, a former Bundesbank president, once said that the European

currency will lead to member nations transferring their sovereignty over financial and wage policy as well as monetary affairs: "It is an illusion to think that states can hold on to their autonomy."

In truth, both sides in the British debate are guessing about a future which Britain alone cannot control. The stay-outers guess that by giving up an independent monetary policy, Britain would gradually lose its own fiscal policy too, because its EU partners are jealous of Britain's lower standards of taxation and regulation, and will seek to harmonise taxes to remove this "unfair" trading advantage. In August, Frits Bolkestein, the new commissioner for the internal market, conceded that income tax was "deeply rooted in the social and political traditions of the member states" and did not need to be co-ordinated. But the stay-outers think the logic of a single currency points the other way, whatever the odd commissioner may say now. "The single currency assumes that every country's deficit is a matter for common concern," says Lord Lamont, a former Tory chancellor.

Just as the economics of the euro cannot be separated from the politics of the EU, so the destination of the EU is not preordained. This gives the joiners courage. Instead of just guessing about the EU's future, why should Britain not shape it, by joining the euro and so acquiring a tighter purchase on the Union's levers of power? By staying in the EU, but out of the euro, goes the joiners' refrain, Britain merely excludes itself from many of the committees and gatherings in which such decisions begin to form. Far better to be inside. Indeed, by joining the euro, might not Britain be able to take the lead?

Mr Blair claims to believe he can. His timing has been good. He has marched on to the European stage just after Helmut Kohl and Jacques Delors, the two men who did most to steer the EU in recent years, have marched off it. Gerhard Schröder, Germany's new chancellor, has yet to stamp his authority on his own party, let alone on his country and the EU. At the European Commission, Romano Prodi,



Influence peddler

the new head of the commission after the interlude of the ineffectual Jacques Santer, is still a new boy. So why should Britain's attractive young prime minister, unassailable at home and popular overseas, not step into the leadership vacuum?

It is not impossible. But Britain is only one of 15 member states, and formidable barriers stand in the way: the intimacy between France and Germany, Britain's own record of Euro-hesitation, and the possibility that the other Europeans want eventually to create a United States of Europe after all. Nor is it obvious that Mr Blair will wield more influence over the European experiment as a full member of the euro club. Britain would get a member or two on the European Central Bank's council, and its chancellor would be allowed to attend meetings of the euro-zone finance ministers. But these advantages need to be set against the great fillip which a British decision to join the euro would give to the federal case.

Recruiting for the third way

Mr Blair is testing his influence already. To those who say that Britain would be clamping itself to continental economies with higher social costs, inflexible labour markets and higher unemployment, he retorts that the Europeans are changing—partly through his example—in the direction of his “third way”, an attempt to combine American-style free-market enterprise with Europe's tradition of social welfare. Peter Mandelson, a cabinet member, says that the purpose of minimum standards imposed by the EU must be to protect the weak, not to “level up the bottom half to the average”.

It is not yet obvious that Europe will listen. Back in June, Mr Schröder did sign up for a Blairite “agenda for social democracy” which calls for lighter taxation, lower public spending, deregulation and tax relief for business. But the German chancellor and his reforms are in trouble. And France's prime minister, Lionel Jospin, making no bones about his disdain for Blairism, claims to remain wedded to traditional values of the French left: suspicion of free trade, a sceptical relationship with the United States, a good measure of state control of the market and international economic regulation. There is no reason to think that belonging to the euro will make a difference to Britain's attempts to win this argument. The main change under Mr Blair so far is that Britain has edged closer to European norms by signing up to the labour-market regulations contained in the EU's “social chapter”.

In the long run, Britain is not likely to be able to prevent the EU from mutating into a United States of Europe if that is the wish of most of its members, and its powers of persuasion may be no stronger inside the euro than out. What if the fears of the stay-outers are confirmed? What if, as well as losing control over monetary policy, Britain came to lose the power to set its own taxes, frame its own employment law and so forth? What if Westminster continued to devolve powers to the English regions? What would the elected government in Westminster then be left in charge of? Well, even a government that has given up the main instruments of economic policy would at least still have the freedom to run its own foreign policy. Or would it?



A power in the world

SOON after Bill Clinton became president, John Major followed prime-ministerial tradition by paying a call on Washington. Before their visitor arrived, the new president and his aides sat joshing in the Oval Office. “Don't forget to say ‘special relationship’ when the press comes in,” one of them joked. “Oh yes, the special relationship,” Mr Clinton said. “How could I forget?” Then he threw back his head and laughed.

This hurtful story is told by Raymond Seitz, a friendly American observer of Britain, in a book about his experiences as America's ambassador in London in the early 1990s (“Over Here”, Phoenix, 1999). It sums up Britain's decline. In the 17th century, England was a relatively unimportant regional power with primarily European interests. Industrialisation and naval power turned it into a 19th-century colossus. For a while it ran the world's biggest empire. Then came the second world war, near-bankruptcy, the retreat from empire, the Suez fiasco of 1956 and—to avoid “overstretch”—the withdrawal from east of Suez in the 1960s.

Is Britain's destiny now to revert to being the minor regional power it was more than 200 years ago? Not yet. For the present, Britain is one of only five permanent members of the UN Security Council. It is a member of the small (albeit growing) band of nuclear powers. Its armed forces are held to be more professional than those of most of its European al-

lies. Its successful war to recapture the Falkland Islands from Argentina in 1982 showed that it was still able to project force over long distances.

But that war was a close-run thing, with the flavour of a last hurrah. Since then, British forces have fought overseas only in support of international organisations—such as the UN or NATO—or alongside the United States. By European standards, Britain made a disproportionate contribution to the eviction of Saddam Hussein from Kuwait, and Slobodan Milosevic's Serb forces from Kosovo. But in neither case was there any question of its being able to act independently. To be a real power in the world, Britain needs to act with allies. But which ones, the EU or the United States?

Why choose?

Mr Blair's Conservative predecessors made no secret of their preference. Lady Thatcher saw herself as Ronald Reagan's sterner half. And although John Major signed the Maastricht treaty, which suggests that the EU might in time develop a common foreign policy and a common defence, he made no secret of the fact that he had more faith in America and NATO than in Europe's faltering steps in this direction. Mr Blair has taken a different view.

It is not that he has chosen the Europeans over the Americans. He simply thinks that no such choice needs to be made, because—as Bill Clinton's

Alone, or as one of 15?



wounding mirth suggests—Britain does not enjoy as special a relationship with America as nostalgia and wishful thinking made Conservative governments believe. Moreover, in Mr Blair's book, whatever importance Britain does have to America is only strengthened by being an influential member of the EU. For what it is worth, Mr Seitz thinks so too. The former ambassador admires Britain's deft management of its post-war decline: during the cold war it became "the ultimate been-there, done-that ally" for America. But now that the cold war is over, it is membership of the EU that makes Britain matter to the United States.

Under New Labour, British foreign policy has therefore pushed in both directions. Mr Blair has upset his own left wing—and some EU partners—by continuing to send British pilots to bomb Iraq alongside the United States. But he has also led the EU's recent efforts to give itself an independent military capacity of its own. At the end of 1998, following a summit in St Malo, the British and French governments declared that the EU needed a capacity for "autonomous action, backed up by credible military forces". And in Washington last April, Britain prompted NATO members to prepare for the possibility of the EU making use of NATO forces and equipment in operations which the Americans themselves might prefer not to join.

Still pivotal, after all these years

Does this mean that Mr Blair has accepted, as so many former British leaders could not, that Britain is now just another European power? Actually, no. It is true that he craves acceptance as a good European: his St Malo initiative was in part a way to keep his EU partners sweet while going slow on the euro. But he also says that Britain can still play a big—his word is "pivotal"—part in the world. During the Kosovo war, he was as good as his word, deferring neither to America nor to the European powers, but thrusting himself into the limelight as the most hawkish member of the anti-Milosevic alliance.

The war went well for Mr Blair, but it is a bit early to derive a moral from it. At one point his grandstanding threatened to trip him up. The Germans were annoyed by British-inspired speculation that NATO might have to fight on the ground to drive Serb forces from Kosovo. European greens and others on the left saw him—and some still do—as a Thatcherite warmonger. Mr Clinton hated being upstaged. Pat Buchanan, a perennial American isolationist, spoke for many when he accused Mr Blair of being out to entangle the United States in a war in which Americans would end up dying. So despite Mr Blair's claim that he acted as a bridge across the Atlantic, he came dangerously near to dropping Britain in it. "Punching above your weight" has its perils.

Nor is it plain that Britain can really resolve its old dilemma—Europe or America?—merely by defining it away. The American State Department claims to like the idea of Britain getting closer to the EU. But there are dissenting voices in Washington. Peter Rodman, at the Nixon Centre, agrees that Britain has played a "pivotal" role in American-European relations, but says that so far it has done so by leaning against the rest of Europe and so preventing a transatlantic breach on issues such as the Arab-Israeli conflict and the Gulf. Mr Rodman worries that this

role is in danger because of the "strong gravitational pull" that Europe seems to exert over Mr Blair and his government.

The EU is treaty-bound to make progress towards a common foreign and defence policy. NATO still exists. But European diplomats, including British ones, have taken to talking about an "arc of instability", stretching from Murmansk to Morocco, against which the Union must be able to protect itself, perhaps on its own. As a first step, the EU has appointed Javier Solana, until recently NATO's secretary-general, as its first foreign-affairs "high representative", and given him a small planning staff. This effort is still based on intergovernmental cooperation: every EU member retains the right of veto over anything that might entail military action. But in the longer run?

British sceptics fear that their country might lose its freedom of manoeuvre. Michael Portillo, a former Conservative defence secretary, acknowledges that 15 European countries acting together can in principle achieve more than Britain on its own. But he wonders whether the need to act together might in practice become a reason for not acting at all. And a common EU defence policy could, over time, also prevent Britain from acting on its own—or in cooperation with the United States. It is naive, the sceptics say, to ignore the fact that some European statesmen are eager for Europe to assert itself as an independent power, and for the Americans to withdraw. That would not only leave a hugely expensive hole in Europe's defences; it would also leave most British people feeling isolated. A striking result of *The Economist's* poll is that 59% of Britons consider America Britain's most reliable ally in a crisis. Only 16% pay Europe that compliment.

Destroying Britain to save it

Besides, there is another way to look at Britain's foreign policy. Is it not possible that the main threat to Britain is the one posed by the EU itself?

Sir John Coles, a former head of the diplomatic service, argues that Britain already has influence in



Palmerston would be proud



the world. He sees no reason why it should not for many years ahead remain a permanent member of the UN Security Council, a member of the G7 group of rich countries, and a power with interests and assets all around the globe. No reason except for one, that is. The one thing that could threaten all of this would be the emergence of a central government of Europe, which would certainly want its own defence policy and armed forces, plus its own permanent seat at the Security Council. It follows, in Sir John's logic, that Britain should not only strive to remain outside such a central government for Europe, but also do whatever it can—for example, by staying out of the single currency—to prevent its creation.

Charles Moore, editor of the *Daily Telegraph*, goes further. He complains that too much debate

about Britain's future is expressed in terms of its "role" and "influence". If you believe that these are what matters most, he says, you are bound to be pessimistic about a country that has lost its empire and can in future be only a second-rank power. Worse still, this preoccupation with power and influence may lead Britain's politicians to abandon what is distinctive in its political institutions in order to fit in with the European Union. On this view, what Britain's foreign policy should really be about is not projecting power and influence overseas. It should be about maintaining Britain's national independence and identity.

What makes these so distinctive? Enough poking at the skeleton: it is time to return to the psychiatrist's couch.

Britain is different

But maybe not as different as the Tories hope

WHO do you think you are today, John Bull? Few Britons say they are "Britons". They tell foreigners they are British, or "Brits". At home, they might call themselves English, Scottish, Welsh, Irish or Ulstermen. Even those who consider themselves British first would seldom say "Britons". Fine to belt it out in lusty renderings of patriotic anthems such as James Thomson's "Rule Britannia". But in ordinary conversation? "Briton" evokes Queen Boadicea, painted with woad. It strikes a false note in a nation that is in no sense an ethnic nation but a political union of separate nations.

This union has lasted for three centuries, but it is not immortal. In 1992, Linda Colley, a historian, wrote an influential book ("Britons", Vintage) arguing that the English, Scottish and Welsh, united by a common investment in Protestantism, found it useful in the 18th century to develop a collective British identity in the face of a threatening France. But loyalty to the separate nations never quite disappeared. And the forces that pushed them together—religion, wars with the mainland, the building and preservation of empire—have abated. Is it possible, especially given the great experiment of the EU, that Britain might now choose to disinvent itself?

The British state is under threat: from below, with the possibility that the component nations will grow apart; and from above, with the threat of power and sovereignty leaching away to the supranational or intergovernmental institutions of the EU. The two dangers reinforce each other. To put this crudely, in the 18th century the Scots made a lucrative bargain with England that enabled the two nations to prosper jointly from the successes of a British empire. With the empire gone, the EU now gives the Scots an opportunity to dissolve the partnership with England and strike a new one with the EU.

Although it may so far be only the "chattering classes" who worry about these dangers, that will change. An unintended consequence of Mr Blair's constitutional reforms has been to create circumstances in which the main opposition to the New Labour government almost everywhere comes from nationalists. The principal opposition in Scotland is a full-fledged separatist party eager to end the union. The principal opposition in Wales is a na-

tionalist party intent on wrenching more power from Westminster. And—irony of ironies—in England a Conservative and supposedly "unionist" party which has been all but expelled by the peripheral nations now has every incentive to maximise whatever sense of grievance devolution and the EU may have aroused in the English themselves.

This last point explains why most of the agonised books, pamphlets and articles bemoaning the "death" or "abolition" of Britain come from the Conservative end of politics. With Labour having stolen so many of their best ideas, the Conservatives are desperate to portray Mr Blair's as the party that is breaking Britain up, and their own as the one that can put it back together again. English disaffection is their best chance and must therefore be stirred up. The Tories' great hope is that if the docile English lion is provoked sufficiently it will lift its great head and roar them back into power. And what could be more provoking than the dismantling of the England-dominated state by means of devolution, constitutional reform, abolition of the pound, and the insidious whittling away of freedom, sovereignty and an independent foreign policy by the continual encroachments of the EU?

Parties and patrimony

Because of this, the next general election in Britain will probably be fought less as a matter of left-versus-right than of nation-versus-Europe. It will be held in the shadow of Mr Blair's promise to call a referendum on the euro. And although adopting the single currency need not mark a decisive renunciation of British sovereignty beyond the technical sphere of monetary policy, giving up the pound will be the most visible, least reversible change in British national status since it joined the common market in 1973. As Lord Owen, a former (Labour) foreign secretary, puts it, the British will resist giving up the pound if they sense that to do so is to forgo some of the "essential sinews of nationhood". For both parties, the risks are therefore huge.

At present, public opinion is not only hostile to joining the euro but also remarkably unenthusiastic about the EU itself. Polls show that if voters were asked today whether to stay in or get out, a little



more than 50% would favour staying and just under 40% would want to leave. But the hostility seems skin-deep. Before the 1975 referendum, voters told pollsters that they were against staying in the common market, but voted in favour by two to one when the government recommended it. If Mr Blair, an unusually popular prime minister, plucks up courage and deems the moment propitious, he stands a fair chance of winning a referendum and taking Britain into the single currency.

Would that mark the end of Britain? That depends on what "Britain" is. For David Willetts, a Conservative theoretician, Britain has always been more of a market economy than its neighbours. It is a country of neighbourhoods and counties that you cannot combine into larger regions. Its identity is bound closely to its political institutions, which is why visitors to London send home postcards of Buckingham Palace and the House of Commons, whereas tourists in Paris rarely bother with the presidential palace. For John Redwood, another Conservative politician, Britain is the piratical, freedom-loving exception to the continental rule. "The British have usually been a more unruly, seafaring, adventurous, enterprising people," he says. "The continentals have been better drilled and have accepted rather more government."

It is no accident that these particular attempts to define the quintessence of Britishness make just about everything that the Labour government happens to be doing—breaking Britain into regions, meddling with the constitution, cosyng up to the EU—look like the antithesis of it. But Labour's attempts to sum up what is distinctively British are no less partial. For Gordon Brown, the chancellor, Britain is an outward-looking country, with a distinctive civil society, in which the state does not run people's lives but which does not believe either in "pure, selfish individualism". It is innovative and enterprising, but also believes in fair play. The essence of Britishness, in other words, just happens to dovetail perfectly with the present government's "third way". New Labour once called itself "the political arm of the British people". Mr Willetts claims

that Conservatism is no mere ideology but "an emanation from...the central features and deepest currents that run through national life".

A new sort of democracy

These are parlour games. What does set Britain apart is its stability. The meaning of "Britain" and "Britishness" keeps changing. But, with the big exception of Ireland, Britain has for 300 years managed political change in a relatively undramatic way. It has been better than mainland Europe at producing successful representative institutions. Britain has not been invaded in modern times, and its democratic institutions have long been accepted as legitimate. That is why the British find it harder than the French or the Germans to see the point of European political union. The British, and especially the English majority, have no memory of being victims, no nationalistic demons to exorcise. Though it may have centralised too much power in its Parliament—Lord Hailsham, a Conservative Lord Chancellor, once called it an "elective dictatorship"—Britain's constitution has at least given its people the power to elect or remove one set of politicians who controlled, from one place, the big issues of national life: the economy, foreign policy and so on.

For better or worse—and given Lord Hailsham's dictum, it may indeed be for better—this system of centralised accountability is now ending. New Labour's constitutional reforms have already spread some power from the centre. The power that remains will become even more hedged about with checks and balances if some of the unintended consequences predicted in this survey—such as the creation of an elected senate, regional assemblies and a supreme court—come to pass. And on one plausible view of the EU's future, Parliament will be weakened further still by the transfer of powers to more remote bodies on the European mainland.

This is not likely to happen in some great Act of Disunion—a full stop, as it were, to put at the end of the sentence of which the 1707 Act of Union was the start. It will be a quieter affair: a gradual reordering of governing arrangements, which preserves "Britain" but creates a Britain with little resemblance to the state whose defining political feature was an all-powerful central Parliament. The central government will no doubt struggle to retain its power, but will have to compete with growing demands from the regions and nations, and a growing source of law, authority and political legitimacy across the water in Strasbourg and Brussels.

Will British voters come to see this as the wanton disinvention of their state, or as its necessary reinvention? There is a clue in those British Airways tail fins with which this survey began. Two years after being painted over by the ethnic designs that Lady Thatcher hated, the flag was back on many, though not all, of BA's aircraft. Market research had shown that the airline's British customers wanted to see the Union Jack given greater prominence. "No one in business who does not listen to what customers want is going to survive very long," said a chastened Mr Ayling. So now part of the fleet is being branded as British and another part as something global. It sounds like a messy compromise. But, then again, the British are good at compromise.

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A shortage of demons to exorcise